

# CITY OF SAN JOSE

## 2005-2006 ADOPTED CAPITAL BUDGET

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### CAPITAL PROGRAM PERFORMANCE MEASURES

San José's approach to capital project delivery has been transitioning from a department level delivery system to a City Service Area (CSA) delivery system during the last few years. A set of consistent and comprehensive performance measurements along with targets and goals have been established for the entire capital program. Measures have been established for four key areas: schedule (cycle time), cost, quality, and customer satisfaction.

The following table lists the City-wide capital program performance measures. These measures are designed to provide uniformity and consistency, provide clear and measurable outcomes, and to encourage operating CSAs and departments to consider total requirements for service delivery, including capital facilities and assets.

#### City-Wide Capital Program Performance Measures

5-Year Strategic Goals	Performance Measures	2006-2010 5-Year Goal	2004-2005 1-Year Target	2004-2005 Estimate	2005-2006 1-Year Target	2006-2007 2-Year Target
Deliver quality CIP projects on-time and on-budget	1. % of CIP projects that are delivered* within 2 months of approved baseline schedule	85%	85%	76%* 154/202	85%	85%
	2. % of CIP projects that are completed** within the approved baseline budget	90%	90%	86% ** 51/59	90%	90%
	3. Project delivery costs (exclusive of City-wide overhead) as % of total construction costs for completed projects with construction costs:					
	less than \$500,000-	31%	31%	45%	31%	31%
	between \$500,000 and \$3M-	23%	23%	34%	23%	23%
	greater than \$3M-	15%	15%	26%	15%	15%
	Total (all construction projects)-	-	-	29%	-	-
	4. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after the first year of use	80%	80%	69%	80%	80%
	5. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	85%	85%	73%	85%	85%

Notes:

\* Projects are considered to be "delivered" when they are available for their intended use.

\*\* Projects are considered to be "completed" when final cost accounting has occurred and the project has been accepted.

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**CAPITAL PROGRAM PERFORMANCE MEASURES (CONT'D.)**

**Performance Measurement Update**

Capital projects are being delivered at a record pace, continuing the City's Decade of Investment. In 2004-2005, the City, for the first time, was estimated to complete more than 200 projects in a year. Staff have made some improvements in delivering projects on-time with an estimated 76% performance, compared to 75% in 2003-2004. Some of the reasons that project schedules have been extended include coordination with other agencies (utility connections and permits), extended community processes, and difficulties in rehabilitating existing structures. The on-time metric measures performance of projects that have reached beneficial use.

The CIP is reporting "on-budget" performance for the first time. On-budget performance is measured after all costs have been accounted for and after recordation of project acceptance by the County of Santa Clara. Project acceptance can occur months or sometimes a year or more after a project reaches beneficial use because of such issues as the time required to finish punch list items or contractor claims. Of projects accepted in 2004-2005, an estimated 86% were delivered on budget as compared to project baseline budgets.

Project delivery cost results are being presented for the first time. The preliminary estimates show higher delivery costs associated with smaller construction projects. This is largely due to common delivery processes such as bidding, awarding, and community involvement that are necessary for projects of all sizes. For example, projects with smaller budgets may go through the same level of community involvement as larger projects yet the construction costs may be much smaller, resulting in higher project delivery calculation.

The performance measurement for quality is derived from surveys in which operations and maintenance groups provide their opinions on completed capital projects. Operations groups measure how well the projects function and serve the purposes specified during project scoping. Maintenance groups are asked to rate how sustainable projects are in terms of maintenance. Because most projects have a one-year warranty period provided by the contractors and because of the training of operators and maintenance staff on new or modified facilities, surveys for capital projects are conducted after a facility has been in operation for one year.

The first operations and maintenance surveys were conducted this fiscal year for projects that reached beneficial use in FY 2003-2004. Because these performance measurements are new, staff conducted surveys on a representative sample of projects to assess the surveying process. The average survey result of 69% is lower than expected and could be attributed to unanticipated issues on new items installed for the first time in San Jose, such as dog park, skate-park, water feature, or a new type of equipment. Project implementation staff are working with maintenance groups to ensure that current issues are corrected. The data and comments collected from the surveys will aid project delivery staff in improving future projects.

The customer satisfaction performance measurement gathers public feedback on completed capital projects. These surveys are conducted after a project has been delivered and in use. Most CSAs conducted surveys on users of facilities, such as in libraries, parks and public buildings. Some CSAs

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**CAPITAL PROGRAM PERFORMANCE MEASURES**

**Performance Measurement Update (Cont'd.)**

conducted surveys of residents and businesses impacted by the construction of the project as it is difficult to obtain useful public feedback on projects such as sewers, runways, sidewalks and traffic signals.

Customer satisfaction surveys were conducted for approximately 25 projects that reached beneficial use this fiscal year. Customers were generally pleased with the new capital improvements and appearance of the projects. An area that has been identified as where improvements could be made is in keeping the public more informed on projects. The Capital Project Management System is being improved to provide better public access that should help improve this type of communication.

Staff is analyzing survey results for both the quality and customer satisfaction measurements to determine what type of improvements should be incorporated into future projects. Staff is also evaluating more effective methods of conducting these surveys, including improvements to the structure and format, which will yield a higher percentage of returned surveys.